

Message Text

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PAGE 01 CAIRO 03236 231635Z
ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07 L-03
NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06
AID-05 COME-00 EB-08 FRB-03 TRSE-00 XMB-02 OPIC-03
CIEP-01 LAB-04 SIL-01 OMB-01 /084 W
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E.O. 11652: N/A
TAGS: EFIN, EG
SUBJECT: PEOPLES ASSEMBLY COMMITTEE REPORTS OUT 1977 BUDGET BILL

REF (A) CAIRO 3018 (B) CAIRO 1424

1. GOE APPARENTLY HAS BACKTRACKED RATHER SUBSTANTIALLY ON
SUBSIDY CUTS IN REVISED 1977 BUDGET IN AFTERMATH OF VILLEN
REACTION TO JANUARY SUBMISSION. ALL CAIRO DAILIES FEBRUARY
23 PROMINENTLY FEATURE REPORT PREVIOUS DAY OF PEOPLES ASSEMBLY
PLAN AND BUDGET COMMITTEE (HEADED BY FORMER MINFIN ABU ISMAIL)
ON DEFICIT ASPECT OF NEW BUDGET CAUSED BY RESTORATION OF
SUBSIDY REDUCTIONS PROPOSED EARLIER. BANK-FINANCED DEFICIT
REPORTEDLY NOW WILL BE LE 400 MILLION, VICE LE 150 MILLION IN
DEPRIMIN KAISOUN'S JANUARY FORMULATION.

2. REDUCED COSTS OF 1977 SUBSIDIZATION IN COMPARISON WITH
1976, IF ANY, ARE NOT MENTIONED; COMMITTEE REPORT - AND PRESS
PLAY -- INSTEAD BEARS DOWN ON DECISION TO MAINTAIN SUBSIDY
PROGRAM, WITH FIGURES INCLUDED TO SHOW SUMS INVOLVED. COMMITTEE
PRIASED ACTION OF GOE IN RESTORING SUBSIDIES; CHAIRMAN ABU
ISMAIL CALLED FOR "FIRMNESS AND DEDICATION" IN SOLVING ECONOMIC
PROBLEMS, BUT NOTED "TIME AND SACRIFICE AND AN INCREASE IN
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PAGE 02 CAIRO 03236 231635Z

PRODUCTION" WILL BE REQUIRED.

3. SUBSIDY TOTALS ARE SHOWN IN PRESS AS FOLLOWS: CONTINUATION
OF CURRENT COMMODITY SUBSIDIES - LE 42.4 MILLION FOR HIGH
GRADE FLOUR, LE 24,2 MILLION FOR MAIZE, LE 0.7 FOR TEA, LE 18.5
MILLION FOR EDIBLE OILS, LE 5.1 MILLION FOR BUTANE GAS;
SUBTOTAL LE 90.0 MILLION. RESTORED SUBSIDIES - LE 5.1 MILLION

FOR SUGAR, LE 6.0 MILLION FOR RICE, LE 17.0 MILLION FOR
CIGARETTES AND LE 20.2 MILLION FOR GASOLINE; SUBTOTAL LE 48.3
MILLION.

4. REPORT ALSO NOTES OTHER FACTORS CONTRIBUTING TO DEFICIT
INCLUDE LE 2.0 MILLION COST OF RESCINDING DECISION TO RAISE
AUTOMOBILE TAXES, LE 16.5 MILLION FOR INCREASED PENSIONS,
LE 49.65 MILLION FOR "EMERGENCY AND RESERVE" AND LE 23.9 MILLION
FOR INVESTMENTS. BUDGET ALSO REPORTEDLY WILL BEAR LE 25 MILLION
COST OF INCREASING INCOME TAX SALARY EXEMPTION TO LE 500
PER YEAR, BUT FUTHER DETAIL ON BREAKDOWN OF TOTAL BUDGET
DEFICIT IS NOT AVAILABLE.

5. COMMENT: WE UNDERSTAND PA HELD TWO SESSIONS ON BUDGET
QUESTION FEBRUARY 23. NONE WAS SCHEDULED FEBRUARY 24 AND
ASSEMBLY SOURCES ARE UNABLE TO TELL US NOW WHEN NEXT DEBATE
WILL BE HELD. SIGNIFICANCE OF ABU ISMAIL'S REPORT MEANWHILE
LIES LARGELY IN REASSURANCE IT HOLDS OUT TO POPULACE ON COST
OF BASIC ITEMS OVER NEAR TERM. WITH APPEARANCE OF REPORT AND
PUBLICITY THEREON PARTICULARLY COINCIDING WITH ARRIVA
OF IMF'S GUNTER (DUE FEBRUARY 23), FEASIBILITY OF STANDBY
AGREEMENT APPEARS SOMEWHAT LESS ASSURED. LAST CONVERSATION WE HAD
WITH GUNTER (REF B) REVEALED FUND'S WILLINGNESS TO ACCEPT
INCREASE IN BANK-FINANCED DEFICIT FROM LE 150 MILLION EARLIER
AGREED TO POSSIBILITY OF LE 300 MILLION IN ORDER TO ACCOMMODATE
GOE'S PROBLEMS RESULTING FROM JANUARY RIOTS. IF PRESS HAS IT
RIGHT, LE 400 MILLION FIGURE WILL MAKE GUNTER'S JOB MORE
DIFFICULT.

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PAGE 03 CAIRO 03236 231635Z

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Message Attributes

Automatic Decaptioning: X
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Copy: SINGLE
Sent Date: 23-Feb-1977 12:00:00 am
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Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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Disposition History: n/a
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Format: TEL
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